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Mr. Angell *File by*

## TELEGRAM RECEIVED

From: **SEGSTATE**

Date: **January 11, 1946, 5 p.m.**

No.: **85**

Code: **SECRET (NFW)**

Received: **January 12, 9:40 p.m.**

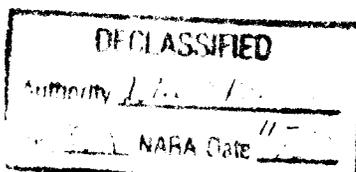
Action:

Info:

*Copies to  
Gen. Clay  
Legal, Fin  
& Econ  
1/13/46*

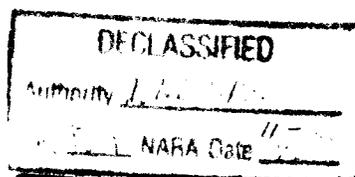
Subject to similar instructions being issued to British and French Ambassadors in Moscow, Department believes it advisable for British, French and United States Ambassadors to advise Soviet Foreign Office of progress being made under Allied Control Council vesting decrees with respect to German assets located in four European neutrals, Switzerland, Sweden, Spain and Portugal. You are requested therefore to advise your British and French colleagues of contents of this telegram and to have them issue instructions to their Ambassador in Moscow to join with our Ambassador in making the information available to Soviet Government in such form as three Ambassadors deem most advisable. Substance of information to be submitted to Soviet Government follows:

Reference is made to provisions in Potsdam protocol for disposition of Germany's external assets whereby Soviet Government renounced all claims to German foreign assets except in Bulgaria, Hungary, Finland, Rumania and Eastern Austria. Pursuant to this provision and consistent with paragraph 4, Department telegram 1944, September 4, 1944.



Moscow (reported to London as 7652), United States, British and French Governments have been consulting in order to provide for the marshalling of Germany's external assets in the four European neutral countries, Sweden, Switzerland, Spain and Portugal. These consultations have been based on importance of marshalling all Germany's external assets in above neutral countries in order to insure obtaining of largest possible sum for reparations as well as elimination of Germany's economic penetration in those countries. As a result of these discussions the British, French and United States Governments have agreed to the presentation of notes to four neutrals whereby they would be advised of Allied Control Council vesting decree of October 30 and requested to enter into negotiations in Washington with United States, British and French Governments. Purpose of these negotiations is to obtain recognition by neutral governments of ACC vesting decree as being applicable to all German assets in neutral countries so that such assets shall be made available for reparations purposes under IARA control. In this connection reference is made to unanimous resolution of Paris Conference concerning German assets in neutral countries. Under the reparations agreement reached in Paris, German external assets in above neutral countries are made available to IARA for disposition in accordance with over-all reparations agreement.

Prior to presentation of notes to neutrals and institutions

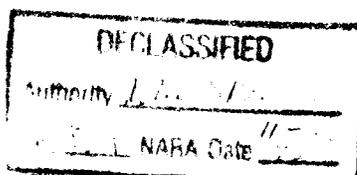


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of negotiations with them in Washington, it is necessary for British, French and United States Governments to agree on general procedure to be followed during proposed negotiations, with particular reference to question of inducements that can be offered to neutrals for compliance with over-all request as well as agreement on sanctions which can be imposed in the event that neutrals fail to satisfy our demands. At such time as agreement is reached on general procedures to be followed during forthcoming negotiations, you will be advised of such procedures.

It is present intention that during forthcoming negotiations the three Allied Governments will press for establishment in each neutral country of a mixed commission consisting of personnel appointed by British, French and United States Chiefs of Mission and representatives of neutral government. The mixed commissions will be responsible for executing terms of the agreement reached with neutrals which will broadly consist of liquidation of non-essential German interests, sale of German ~~CB~~ essential to local economy, elimination of undesirable <sup>German</sup> personnel free going concerns which are to be sold, and marshalling of assets obtained from sale or liquidation of German interests for use in reparations. It is recognized that in order to achieve our over-all objectives, investigations in Germany relative to information on external assets located in above countries will be required and the mixed commissions will undoubtedly request external property commission, established under ACG,





U, UK and French Governments on mixed commissions in Sweden will be requested to keep Soviet Chief of Mission there fully advised on progress being made pursuant to agreements reached. With respect to Switzerland, Spain and Portugal, in view of fact that Soviet Government does not have diplomatic representatives in those countries, clearing committee in London will be requested to advise Soviet Mission in London of progress being made in those countries. It is obvious that Soviet Mission in Sweden may have available information which will be of assistance to performance of functions by British, French and United States Missions and obviously receipt of such information will be greatly appreciated.

It is tentative intention of United States, United Kingdom and French Governments to institute negotiations in Washington first with Swiss Government some time during month of February, which will be followed by negotiations with Swedish Government. Soviet Government, through you and your British and French colleagues, will be kept advised progress of negotiations.

Sent to London as 316, repeated to Paris as 160, Berlin as 88, for Murphy and Clay and Moscow as 88 with request to advise British and French Ambassadors of contents this telegram and to take appropriate action thereunder at such time as British and French colleagues receive instructions to proceed with you. Berlin or Paris please advise Angell.

ACHESON ANGELL

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